

Ryan Talking Points – Opening Statement
U.S. Treasury
February 7, 2007

- *Welcome Secretary Paulson.*
- The President's budget laid down a benchmark that I think Members on both sides agree on, and that is that we can – *and should* – balance the budget within five years.
- But as was clear from this Committee's discussion with OMB Director Portman yesterday, there is significant disagreement on what is the 'right' way to get there.
- The Administration has set the goal of balancing the budget – *without raising taxes* – by 1) keeping our economy growing strong and creating jobs, and 2) reforming unsustainable spending growth – particularly in our largest entitlement programs.
- And I wholeheartedly believe that this is the right path.
- Our economy has enjoyed robust growth in recent years, creating 7.4 million jobs, reducing the unemployment rate to 4.6% – which is generally considered "full employment" – and raising real wages by 1.7% in the past year.
- This expansion has also delivered double-digit revenue growth for two years running, and has been the key factor in driving down the deficit and putting us on the path to balance.
- *Even with the lower tax burdens, we're now collecting more in taxes – as a share of the economy – than the average of the past 40 years.*
- Clearly, our budget challenge isn't that working Americans are sending us too little of their hard-earned money, and starving the Treasury.
- As we've heard from nearly every witness who's come before this Committee in the past few weeks, our biggest budgetary challenge is on the spending side: our massive entitlement programs are simply growing too fast to be sustained.

- Without reform, by 2040 Social Security, Medicare, and Medicaid will consume 20% of our economy – equivalent to the cost of the entire Federal Government today.
- In fact, even if we raised taxes to balance the budget in the short term, entitlements would quickly drive us right back into deficit, just at a higher level of taxing and spending.
- With the retirement of the baby boom generation, the situation would just keep getting worse, and these programs would ultimately fail the very people they're intended to help.
- We must reform these programs to keep them sustainable.
- But we've also got to keep our economy growing so that it can sustain the immense future burden of these entitlements. And keeping tax burdens low on American workers and businesses is key to ensuring that happens.
- Again, I think we can agree to disagree on specific proposals in the President's budget. But clearly, two of the key fiscal challenges Congress must address in its budget are how to best keep our economy growing strong and creating jobs, and how to get entitlement spending to a sustainable level in the near-term – and keep it there in the future.
- Secretary Paulson, we clearly have critically important decisions ahead of us, and we welcome your testimony and advise today.